



**CONGRESSIONAL BUDGET OFFICE  
ESTIMATE OF COSTS  
OF PRIVATE-SECTOR MANDATES**

April 25, 2001

**S. 319**

**Airline Customer Service Improvement Act**

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation  
on March 15, 2001*

**SUMMARY**

S. 319 would impose several private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA) on large air carriers. CBO cannot determine whether the direct cost to the private sector would exceed the annual threshold defined by UMRA (\$113 million in 2001, adjusted annually for inflation).

**PRIVATE-SECTOR MANDATES CONTAINED IN BILL**

S. 319 would require large air carriers, as defined in the bill, to provide certain services to customers, including:

- Incorporating within its contract of carriage the provisions of the Airline Customer Service Commitment as agreed to by the members of the Air Transportation Association;
- Disclosing on-time performance and cancellation rates whenever a customer makes a reservation or purchases a ticket on a chronically delayed or cancelled flight;
- Establishing a quality assurance and performance measurement system;
- Establishing an internal audit process to measure compliance with their customer service commitments and obligations;

- Developing and implementing a system to track and document the time between receipt of a claim for missing baggage and its delivery;
- Monitoring and reporting its efforts to improve services to passengers with disabilities and special needs;
- Providing timely information about flight delays; and
- Offering the lowest fare for which a customer is eligible.

In addition, the bill would require large air carriers to provide other service-enhancing improvements.

According to government and industry sources, business practices related to customer services vary widely in the airline industry. As a result, the cost of complying with mandates in the bill would differ greatly among affected air carriers. CBO cannot determine whether the aggregate direct cost would exceed the annual threshold defined by UMRA because we do not have sufficient information about existing practices and industry costs.

**ESTIMATE PREPARED BY:**

Paige Piper/Bach and Jean Talarico

**ESTIMATE APPROVED BY:**

Roger Hitchner  
Assistant Director for  
Microeconomics and Financial Studies Division